

**MINUTES**

**MONTANA SENATE  
56th LEGISLATURE - REGULAR SESSION**

**COMMITTEE ON TAXATION**

**SUBCOMMITTEE ON SALES TAX**

**Call to Order:** By **CHAIRMAN BOB DEPRATU**, on March 25, 1999 at  
10:05 A.M., in Room 413/415 Capitol.

**ROLL CALL**

**Members Present:**

Sen. Bob DePratu, Chairman (R)  
Sen. Bill Glaser (R)  
Sen. Barry "Spook" Stang (D)

**Members Excused:** None

**Members Absent:** None

**Others Present:** Sen. Alvin Ellis Jr.  
Sen. Dorothy Eck  
Sen. John Bohlinger  
Gordon Morris, Montana Association of Counties  
Judy Paynter, Department of Revenue  
Jerry Leonard, Department of Revenue

**Staff Present:** Sandy Barnes, Committee Secretary  
Lee Heiman, Legislative Branch

**Please Note:** These are summary minutes. Testimony and  
discussion are paraphrased and condensed.

**Committee Business Summary:**

Bills Discussed: Sales Tax Packages

**DISCUSSION ON SB 525, SB 526, SB 527 AND SB 528**

**SEN. DEPRATU** referred the committee to a spreadsheet provided by  
the Department of Revenue on the impacts of **SB 525**,  
**EXHIBIT (tas67b01)**. He asked **Ms. Paynter** to explain the  
information provided.

**Ms. Paynter** began by telling the committee that there should be a clarification on some of the oil, gas and coal issues discussed the day before. She said that the language could be better than just striking the one clause and would make it consistent. She said the Department would help with that amendment.

**Ms. Paynter** said this form reflects the revenue at the top. She said it shows repealing HB 20, SB 417, the 95 mills, the 6 mills, and removing all personal property. She said they had put **SB 260** in as current law, so that does not show any longer on the Fiscal Note. She said they did the nonlevy revenue redistribution and the contractors gross receipts as it is in the bill, and if the committee wanted it to be revenue neutral, it would have to be changed to the .7%. She said basically, it ends up with the state General Fund being about \$9 million to the positive. It is a little negative in state special, local government and local schools.

**SEN. GLASER** asked if the decrease in administrative costs for personal property had been included, and **Ms. Paynter** said it had been. **SEN. GLASER** asked about going to 3% on personal property, and **Ms. Paynter** said that all personal property is treated as the bill is written, which is broader than just class eight. She said **SEN. TAYLOR** is working on just class eight in **SB 200**. She said if class eight went from 6% to 3%, that would be approximately \$40 million. She said that under the concept of personal property in this bill, which is all personal property were changed to be just class eight at 3%, somewhere between \$70 million and \$80 million would be added back in.

**SEN. DEPRATU** asked about class six, and **Ms. Paynter** said it would be just slightly under \$8 million. **SEN. STANG** said that class six is repealed in the Devlin proposal.

**SEN. ECK** said that the big question will be how much of this tax relief will benefit the low to moderate income classes, and she said this package gives benefit mostly to business. She said people are not going to vote a sales tax on themselves in order to give tax breaks to big business.

**SEN. GLASER** said that the relief to homeowners in the Devlin proposal is in the 95 mills and the 6 mills, but **SEN. ECK** said there is no breakdown of how much of that goes to that moderate and low income group and how much of the 95 mills is still a tax break for businesses. **SEN. ELLIS** said it would reduce homeowner taxes by something less than one-fourth. **SEN. ECK** said she understood that, but it is a much smaller percentage than what goes to others.

**SEN. STANG** asked, when the Department shows the reduction of the 95 mills, what that is applied to, whether it is all property other than class eight property or all property other than business equipment, which is eliminated by this bill, and **Ms. Paynter** said that when they showed the decrease, it is applied to everything that is there today. She said that indicates the stacking order. **SEN. STANG** asked if the \$224 million includes the business equipment, and **Ms. Paynter** said it does include business equipment, as does the 6 mills. She said that was a good stacking question, and she would check the details to see if that had been double counted. **SEN. STANG** suggested that they check the worksheet provided for the Sprague proposal also to be sure that had not been done. **SEN. DEPRATU** asked the Department to provide that to the committee members this afternoon, and **Ms. Paynter** said she would.

**SEN. DEPRATU** said that if there were no further questions, the subcommittee would adjourn and meet again on Friday upon adjournment of the Taxation Committee.

**ADJOURNMENT**

Adjournment: 10:22 A.M.

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SEN. BOB DEPRATU, Chairman

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SANDY BARNES, Secretary

GD/SB

**EXHIBIT** (tas67bad)